

May 9, 2012

**ITEM NO. B1**

**AUTHORIZATION TO EXECUTE AMENDMENT NO. 2 TO CONTRACT  
NO. 1022 WITH THE PARTNERSHIP FOR TRANSFORMATION, JV TO EXERCISE  
OPTION YEAR NO. 2 AND MODIFY ORGANIZATIONAL STAFFING**

To the Honorable Board of Commissioners:

**RECOMMENDATION**

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to execute Amendment No. 02 to Contract No. 1022 with the Partnership for Transformation, JV in the not-to-exceed amount of \$3,320,777.00 for Option Year No. 2, covering the period of June 1, 2012 through May 31, 2013, and the modification of organizational staffing. The new total contract value of Contract No. 1022 is not-to-exceed \$9,070,696.00.

**FUNDING**

Funding: General Fund

Contract No.: 1022  
Contractor: Partnership for Transformation, JV  
Deryl McKissack  
205 N. Michigan, Suite 1930  
Chicago, IL 60601  
Contract Type: Professional Services  
Contract Period: One (1) year base  
Option Period: Two (2) one (1) year renewal options  
Contract Amount: NTE \$ 2,975,581.00 – 1<sup>st</sup> Year Base  
NTE \$ 2,774,338.00 – Option Year No. 1  
NTE \$ 3,320,777.00 – Option Year No. 2  
New Contract Amount: NTE \$ 9,070,696.00

**M/W/DBE Participation:**

Direct MBE 40 % WBE \_\_\_\_\_ % DBE \_\_\_\_\_ %

**Section 3:**

Hiring (#) 4 Subcontracting \$ \_\_\_\_\_ Other Economic Opportunities \$ \_\_\_\_\_

**GENERAL BACKGROUND**

The Partnership for Transformation, JV ("PFT") has provided construction management services under Contract No. 1022 since June 1, 2010. On March 16, 2010, the Board of Commissioners approved up to two (2) one (1) year options in Resolution No. 2010-CHA-27. PFT is nearing the end of Option Year No. 1. The Capital Construction Department requests that the Commissioners approve the execution of Option Year No. 2.

The CHA continues to require construction and program management services in order to:

- perform timely conversions of dwellings and non-dwellings to meet Federal and local accessibility requirements;
- successfully finish building upgrades to meet City of Chicago life safety and high-rise regulations within the mandated deadlines;
- complete all activities under the Capital Maintenance and Capital Improvement Programs;
- move forward with ongoing rehabilitation projects; and
- effectively respond to any new activities that arise out of the Plan for Transformation 2.0.

PFT has become an integral part of the Capital Construction Department management team. It has provided satisfactory service during its base year and Option Year No. 1, and the continuation of their construction management services is important to the timely achievement of the CHA's original Plan for Transformation goals and the successful transition to any new goals established under the Plan for Transformation 2.0. Over the years PFT has built up an intimate knowledge of CHA housing stock, has created strong relationships with resident leaders, with CHA staff in other departments, with personnel at City of Chicago Departments and with local political leaders. It has developed a familiarity with the General Contractors and Prime Design Consultants currently under contract with the CHA. PFT advises the CHA Executive Staff, including the Chief Executive Officer, the Chief Operating Officer, the Executive Vice-President of Development, and the Vice-President of the Capital Construction Department ("CCD") regarding the progress of the Capital Improvement and Capital Maintenance Programs.

Based on the potential for varying project load over time, the original solicitation provided the opportunity for staffing adjustments to best meet the needs of the program. Specific wording was incorporated and highlighted in the body of the solicitation:

*"Throughout the term of the CM's contract, the CHA's construction needs for the projects set forth above may change. Therefore, the CHA shall review the CM's staffing levels on a semi-annual basis, and reserves the right to adjust staffing levels accordingly."*

The initial emphasis on a limited number of large scale projects at the beginning of the Plan for Transformation has dramatically shifted over the years to an ever larger number of smaller projects under the Capital Maintenance Program as the CHA has returned to some developments to make additional improvements when funding become available. In addition, the CHA's properties are required to comply with the Americans with Disabilities Act and the Section 504 of the Rehabilitation Act of 1973 (ADA/504). The ADA/504 has also impacted non-dwelling areas throughout the CHA's developments. The City of Chicago has enacted a Life Safety and High-rise Ordinance that requires the CHA to make substantial upgrades to the life safety systems within its own high rise buildings by 2015. CCD is determined to accomplish that goal much earlier than 2015.

As part of the original solicitation for CM services, vendors were required to provide projected staffing levels for both Option Years. For Option Year 2, the original solicitation referenced a project load of fourteen (14) projects, to which the PFT responded that a staff level of 10.25 Full Time Equivalent ("FTE") positions would be necessary, for \$1,915,847. Since then the numbers of projects have increased substantially to 61 projects. These projects will be smaller in size than in the past, but CCD's experience has shown that small projects are every bit as labor intensive

as large scale projects. And much of the current and future work is being performed in Scattered Sites spread from one end of Chicago to the other. To prosecute this work pursuant to the contract, CCD requested and agreed upon additional staffing with PFT, revising the original 10.25 FTEs to 18.25 FTEs. The additional 8 FTEs will increase the PFT's fee by \$1,370,563 along with a modest increase of \$34,367 in the reimbursable amount, for a new NTE of \$3,320,777. Although the original March 9 2010 board letter reflected the proposed staffing levels and contract amount of \$1,915,847, the Board resolutions, amendments and contract allow for the adjustment of additional staffing, CCD staff has reviewed the fee for the additional staff and has determined that the proposed hourly rates are at or below the rates provided by the PFT in the original fee proposal page for Option Year 2.

### **PROCUREMENT HISTORY**

On November 23, 2009 the Chicago Housing Authority ("CHA") advertised Request for Proposal No. 09-00403 (RFP) for Authority-Wide Construction Management Services. As the result of that solicitation, the Board of Commissioners approved Resolution No. 2010-CHA-27 on March 16, 2010, authorizing the CHA to execute a contract with Partnership for Transformation, JV ("PFT"). Contract No. 1022 was executed with PFT on June 1, 2010 for a one (1) year base period with two (2) one (1) year renewal options. The base one (1) year contract for a not-to-exceed fee of \$2,975,581.00 covered the period of June 1, 2010 through May 31, 2011.

The Board of Commissioners passed Resolution 2011-CHA-62 on May 17, 2011, authorizing Amendment No. 1 to exercise Option Year No. 1, including modifications to the organizational staffing, in the not-to-exceed amount of \$2,774,338.00. The contract was extended from June 1, 2011 thru May 31, 2012. The current total contract value of Contract No. 1022 is not-to-exceed \$5,749,919.00.

### **RECOMMENDATION**

Based on the foregoing, and the Partnership for Transformation's expertise in the construction industry, proven track record of completing projects in a timely manner, resource flexibility, and cost effectiveness, the Capital Construction Department recommends that the Board of Commissioners authorize the Chief Executive Officer or his designee to approve Amendment No. 02 to Contract No. 1022 with the Partnership for Transformation, JV in the not-to-exceed amount of \$3,320,777.00 for Option Year No. 2, including modifications to organizational staffing and an increase in the not-to-exceed amount for reimbursables of \$34,367.00. The contract will be extended for the period of June 1, 2012 through May 31, 2013. The new total contract value of Contract No. 1022 is the not-to-exceed amount of \$9,070,696.00.

This amendment is subject to the firm's compliance with CHA's M/W/DBE, Section 3 resident hiring, and bonding and insurance requirements.



**RESOLUTION NO. 2012-CHA-32**

**WHEREAS,** the Board of Commissioners has reviewed Board Letter dated May 9, 2012 entitled "AUTHORIZATION TO EXECUTE AMENDMENT NO. 2 TO CONTRACT NO. 1022 WITH THE PARTNERSHIP FOR TRANSFORMATION, JV TO EXERCISE OPTION YEAR NO. 2 AND MODIFY ORGANIZATIONAL STAFFING";

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT** the Board of Commissioners authorizes the Chief Executive Officer or his designee to approve Amendment No. 02 to Contract No. 1022 with the Partnership for Transformation, JV in the not-to-exceed amount of \$3,320,777.00 for Option Year No. 2, including \$1,915,847 originally proposed staffing levels, the modifications to organizational staffing in the amount of \$1,370,563 and an increase in the not-to-exceed amount for reimbursables of \$34,367.00. The contract will be extended for the period of June 1, 2012 through May 31, 2013. The new total contract value of Contract No. 1022 is the not-to-exceed amount of \$9,070,696.00.

This amendment is subject to the Contractor's compliance with CHA's MBE/WBE/DBE, Section 3 resident hiring, and insurance requirements.

